

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 COME-00 SIL-01 LAB-04 AID-05 EB-07

CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01 SAJ-01 /093 W  
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P R 071735Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 2628

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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USMISSION GENEVA

AMCONSUL BELFAST

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AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: EFIN, ELAB, PINT, UK

SUBJECT: THE SWORD OF HEALEV -- WILL IT DROP?

REF: LONDON 10283

SUMMARY - A SENSE OF THEATRE -- GREEK THEATRE -- SEEMS TO  
PERVADE THE MEETINGS WHICH HAVE BEEN CONTINUING THIS WEEK  
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TO DEAL WITH THE ECONOMIC CRISIS. TUC LEADERS MET ONCE

MORE IN ANOTHER "EMERGENCY" SESSION BUT DID NOT COME TO ANY DEFINITE POSITION ON THE PACKAGE OF PROPOSALS PRESENTED LAST WEEK BY THE CHANCELLOR OF THE EXCHEQUER DENIS HEALEY. THERE ARE A NUMBER OF STICKY POINTS WHICH HAVE TO BE RESOLVED, AND THEY WILL BE MEETING MR. HEALEY AND OTHER MINISTERS TONIGHT CONCERNING THEM. THE CHANCELLOR HIMSELF IS MEETING WITH LEADERS OF INDUSTRY TO PERSUADE THEM TOO BUT THERE IS STRONG CRITICISM FROM THE CBI THAT SANCTIONS AGAINST EXCESSIVE WAGE INCREASES APPLY ONLY TO INDUSTRY AND NOT TO THE TRADE UNIONS. AND PRIME MINISTER WILSON HAS BEEN TALKING TO THE NATIONAL UNION OF MINERS IN SCARBOROUGH TODAY TRYING TO CONVINCE THEM TO OVER-RULE LEFT-WING MILITANTS WHO ARE SEEKING TO THROW OUT EVEN THE OLD SOCIAL CONTRACT. WE WILL KNOW BETTER IF ALL THESE HECTIC TOINGS AND FROINGS HAVE BEEN SUCCESSFUL OR WHETHER "HEALEY'S SWORD" -- POSSIBLE STATUTORY CONTROLS IF VOLUNTARY AGREEMENT IS NOT REACHED -- WILL FALL ON THURSDAY, THE DATE WHEN THE GOVERNMENT'S WHITE PAPER IS EXPECTED. END SUMMARY.

1. THE TUC ECONOMIC COMMITTEE MET FOR SEVERAL HOURS TODAY AND ADJOURNED WITHOUT COMING TO A DEFINITE CONCLUSION. A TUC SOURCE TOLD US THAT THERE IS STILL CONSIDERABLE "DETAILING" NECESSARY, BUT THAT THE BASIC PRINCIPLE OF A 6 POUND FLAT RATE INCREASE (THE "JONES INITIATIVE") IS GENERALLY ACCEPTABLE TO THE TUC LEADERSHIP. HE ADDED THAT THE TUC IS CONCERNED ALSO ABOUT OTHER ELEMENTS IN A WAGE PACKET, INCLUDING SHIFT PREMIUMS, THRESHOLD AGREEMENTS, INCENTIVE PAYMENTS AND OTHER ASPECTS. ANOTHER TUC SOURCE SAID THAT THE TUC LEADERSHIP IS VERY WORRIED THAT HEALEY'S DECISION TO PENALIZE INDUSTRY IF IT GRANTS WAGES IN EXCESS OF THE AGREED NORM MAY BE A "BACKDOOR" ENTRANCE TO ANOTHER STATUTORY WAGES POLICY WHICH IS UNIVERSALLY ABHORRED BY THE TRADE UNION MOVEMENT. IT IS CLEAR AT THIS READING THAT THE TUC IS ANXIOUS TO IRON OUT ALL DETAILS INTERNALLY BEFORE IT ACCEPTS THE CHANCELLOR'S PACKAGE IF IT IS TO GET UNIVERSAL SUPPORT FROM ITS AFFILIATES.

2. THE CBI IS ALSO BALKING AT THE CHANCELLOR'S PROPOSALS AS THEY NOW STAND. INDUSTRY BELIEVES THAT IT IS VERY UNLIMITED OFFICIAL USE

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FAIR FOR UNIONS TO BE FREE OF ANY SANCTIONS IN THE CHANCELLOR'S PROPOSED PACKAGE, WHILE INDUSTRY WILL BE LEGALLY PENALIZED. THE CBI WAS NOT COMFORTED BY A WARNING ISSUED ON SATURDAY BY THE PRIME MINISTER WHEN HE SAID THAT "ROGUE" PRIVATE FIRMS WHICH BREAK THE WAGE LIMIT WILL HAVE TO BE FACED WITH RESERVE STATUTORY POWERS TO DEAL WITH THEM. (WE HAVE NOT HEARD THE RESULTS OF CHANCELLOR HEALEY'S DISCUSSION WITH THE CBI.)

3. IN THE MEANWHILE, MR. WILSON HAS BEEN AT SCARBOROUGH FOR THE ANNUAL CONFERENCE OF THE NATIONAL UNION OF MINERS WHO HAVE ENJOYED THE ROLE OF "ROGUE" IN CONFRONTATIONS WITH PREVIOUS GOVERNMENTS. HE SPOKE STERNLY TO THE MINERS, DECLARING THAT "TO CONTINUE WAGE AWARDS ON THE SCALE OF RECENT MONTHS WOULD BE TO EAT THE SEED CORN". NUM PRESIDENT JOE GORMLEY ECHOED THIS VIEW WHEN HE ATTACKED SOME OF HIS MILITANT LEFT-WING COLLEAGUES FOR BEING "DRUNK WITH POWER AND CONSTANTLY WANTING TO FLEX THE UNION'S MUSCLES". BOTH THE PRIME MINISTER AND THE UNION PRESIDENT WERE TRYING TO COUNTER AN EFFORT BY THE LEFT-WING TO GET THE CONFERENCE TO AGREE TO/A 100 POUND

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CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01 SAJ-01 /093 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 2629

INFO AMEMBASSY BONN

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A WEEK WAGE FOR MINERS IN THE NEXT WAGE ROUND. IF THE LEFT-WINGERS WERE TO BE SUCCESSFUL, IT WOULD BE A MAJOR PSYCHOLOGICAL AND PERHAPS MATERIAL BLOW TO CURRENT, 11TH HOUR EFFORTS BY THE TUC LEADERSHIP TO COME UP WITH A REASONABLE VOLUNTARY ARRANGEMENT THAT SUBSTANTIALLY MEETS THE GOVERNMENT'S REQUIREMENTS.

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4. THE TUC LEADERSHIP WILL MEET THE CHANCELLOR THIS EVENING FOR FURTHER DISCUSSIONS AND PERHAPS WILL HAVE ANOTHER MEETING OF THE TUC ECONOMIC COMMITTEE BEFORE THE CRUCIAL MEETING ON WEDNESDAY, JULY 9, OF THE TUC GOVERNING BODY, THE GENERAL COUNCIL, WHEN IT WILL HAVE TO DECIDE FINALLY WHAT IT WILL DO. THE GOVERNMENT'S WHITE PAPER IS EXPECTED ON THURSDAY AND WHAT IT SAYS WILL DEPEND ON WHAT RESULTS FROM THE DELIBERATIONS OF THE TUC AND THE CBI WITH THE GOVERNMENT. THERE IS VERY LITTLE DOUBT BY THE UNION LEADERSHIP THIS TIME THAT IF THEY FAIL, HEALEY'S SWORD WILL FALL. THEY ARE CLEARLY AWARE THAT THE GOVERNMENT MEANS BUSINESS AND THAT EVEN IF IT MEANS A SPLIT IN THE LABOR PARTY IT WILL FORMULATE A STATUTORY INCOMES POLICY OF SOME SORT IF A VOLUNTARY SYSTEM IS NOT IN PLACE.

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## Message Attributes

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**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**TAGS:** EFIN, ELAB, PINT, UK, (HEALY, DENIS)  
**To:** STATE  
**Type:** TE  
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